



Minutes

Waukesha County Board

Executive Committee Meeting

September 22, 2014

Chair Decker called the meeting to order at 8:33 a.m. and led the committee in the Pledge of Allegiance.

Committee Members Present

Paul Decker (Chair)	David W. Swan	Gilbert W. Yerke	Peter M. Wolff
David D. Zimmermann	James A. Heinrich		

Committee Members Absent

Walter L. Kolb

Others Present

Chief of Staff Mark Mader

Federated Library Director Connie Meyer	Legislative Policy Advisor Sarah Spaeth
Budget Management Specialist Bill Duckwitz	Director of Parks and Land Use Dale Shaver
Director of Public Works Allison Bussler	Business Manager Betsy Forrest
Internal Audit Manager Lori Schubert	Architectural Services Manager Dennis Cerreta
Engineering Services Manager Gary Evans	Judge Jennifer Dorow
Supervisor Larry Nelson	Supervisor Kathleen Cummings
Supervisor Bill Zaborowski	Citizen Beth Hoefer Jessup
Supervisor Duane Paulson	Mary Emery of the Waukesha Preservation Alliance
Matt Masterson of The <i>Freeman</i>	Ted Matkom of Gorman & Company

Public Comment

Emery reminded the committee of the remarks she made at the September 8, 2014 meeting in favor of renovating the former health and human services (HHS) building and of the petition circulating to save the building. She also reminded the committee of the email presented at the September 8 meeting by Beth Hoefer Jessup from Chip Brown of the Wisconsin Historical Society to Allison Bussler dated September 9, 2014, which expressed the society's opinion of the historically designated building and the county's options for dealing with it. Emery said the county has not made a good faith effort in finding a buyer who would renovate the building. It is unlikely the county will use the space for expansion since it owns other available spaces. The county needs to release a reasonable request for proposal (RFP) that could save the building and demolition costs, generate tax levy, fulfill community needs, etc.

Nelson explained how the former HHS building achieved state and national historical registries status and City of Waukesha local landmark designation and how the county did not object to any of the classifications. The county needs approval from the City of Waukesha Landmarks Commission to demolish the building. There is a good chance the request would not be granted because the county did not object to any historical designations and did not put up a good faith effort to repurpose the building. Nelson said he would like the committee to vote against demolishing the building so the county can release a new RFP, take time to look at options and find a way to seriously work with developers on recycling the building.

Matkom said the former HHS building is considered attractive on the Wisconsin Housing and Economic Development Authority (WHEDA) re-use scale. The building is eligible for tax credits which could result in affordable senior apartments. The county should release a decent RFP that would result in usable responses. The last RFP was "chilling."

Paulson spoke in favor of demolishing the former HHS building and said he does not believe that “dry docking” the building while options are explored is a good use of resources. The county needs the space. Building onto the Moor Downs Golf Course and tearing down affordable housing in the area for county expansion would bring much more outrage from the community than demolition of this building.

Correspondence

A list of correspondence was distributed.

Approve Minutes of September 8, 2014

Motion: Swan moved, Yerke second, to approve the minutes of September 8, 2014. Motion carried 6-0.

Future Agenda Items

- Update on economic development platform (Wolff)

Discuss and Consider Department of Health and Human Services (HHS) Building Construction-Change Order Audit

Schubert reviewed the audit report including executive summary; project overview, summary and scope; audit adjustments by category; and findings and recommendations. Schubert explained that during the normal course of the construction process, changes to base contracts may be necessary to accommodate design changes, requests by owners, omissions, error corrections, unknown conditions, etc. Because changes in the work scope are done after the bidding process, additional controls are necessary to ensure reasonableness and accuracy of pricing. In essence, each change order could be considered a sole source purchase carrying a high level of risk because costs are not competitively bid. Change orders are intended to be based on mutual agreement of work performed and pricing and timing modifications between the county, construction manager, architect and prime contractor(s) affected.

Schubert said during construction of the HHS building, 107 change orders totaling \$2.63 million were approved. The audit reviewed 67% of change orders (72 orders) which totaled 98% of the costs or \$2.57 million. Audit of change orders and allowances revealed that the county was owed \$91,950 in adjustments.

The audit findings and recommendations, which department of public works staff agreed with, related to:

- | | |
|-------------------------------------|--|
| • Labor charges | • Subcontractor costs |
| • Equipment charges | • Supporting documentation issues |
| • Overhead and profit calculations | • Warranties |
| • Administrative errors | • Documentation of change requests |
| • Unit prices | • Budgeting transparency/use of allowances |
| • Relationships between contractors | • Mobilization costs |
| • Audit clause | • Costing of change orders |
| • Improved project planning. | |

In response to Heinrich’s question, Cerreta said standards for change orders as a percent of total project costs are 4% for new construction and 8% for remodels.

In response to Swan’s questions, Schubert said complex change orders with a higher potential for problems were audited while relatively small change orders were not. Overall, 98% of costs associated with change orders were scrutinized. Swan was not happy that only 72 of the 107 change orders were reviewed. Decker said he worked with Schubert on the audit threshold expectations and should be blamed for Swan’s

dissatisfaction. The selection of audited change orders was based on complexity and cost. It is important to note that 98% of total change orders costs were audited.

Paulson said each capital project includes a contingency budget. Did this project including change orders come in under budget? Cerreta said \$1.2 million of the total project budget remains unspent, leaving the \$1.2 million contingency fund completely untouched. Schubert explained that the project balance of \$855,223 on page 10 of the report takes into account unspent encumbered funds. The unspent balance as of the date of the report was \$1.8 million, consisting of \$955,201 encumbered funds and \$855,223 unencumbered balance. Public works staff estimated the current project balance to be \$1.2 million.

In response to Swan's question, Schubert said the county has been paid or received credit for the audited adjustments detailed on page 14 of the report.

In response to Paulson's question, Schubert said there is no proof that inaccurate change orders were anything other than errors in applying contract terms. Decker said it was important to do this audit to prove the county's capabilities and to let contractors know they will face more scrutiny. Schubert said contractors do not expect to have change orders audited because it is not an industry trend, but the practice is becoming more common place.

Cerreta explained the change order process and Schubert explained the types of mathematical errors made by contractors that she encountered during the audit in response to Zimmermann's questions. Yerke said dealing with this type of billing is very complicated and there is a lot of room for errors. Decker said supervisors can share this report with constituents to prove Waukesha County is doing a good job saving money.

Zaborowski asked were contractors or subcontractors mostly responsible for change order errors? Schubert said both were responsible. The audit primarily dealt with contractors records. Many subcontractors, not used to being audited, resisted providing information even though the requirement is detailed in the contracts. Schubert hopes the findings of this audit will improve and strengthen future county contracts. Zaborowski said it is an "amazing audit."

Swan recommended developing a change order check list and other tools for staff. Bussler said based on the committee's comments, she believes the committee has the sense that staff did a pretty good job. Public works, corporation counsel and purchasing staff are going to work together to change contract language. Forrest said Schubert will be sharing auditors' tools to help staff identify issues.

Heinrich asked does staff anticipate a "chilling effect" on future RFPs from contractors fearing all of the additional time needed to deal with Waukesha County's administrative issues? Also, does staff feel the audit will inhibit the competitive bidding environment or elevate costs? Schubert said quality contractors the county wants to work with will not be deterred by being held to contracts they signed. The county may not want to work with contractors who are hoping to "low ball" bids to make money on change orders. There may be more administrative work but it is outlined in the county's contracts. Heinrich said as a contractor, he would rather deal with a company/government that is less difficult. Decker said this is a great public relations, promotional story showing that Waukesha County "crosses its 't's" and dots its 'i's". Waukesha County wants the news of this audit to get out to contractors. Bussler said Waukesha County is striving for a reputation of fairness. Heinrich said less reputable contractors will not come here to work. Schubert said there should not be any surprises since every contract includes an audit clause. All of the audit findings relate to existing items in the county's contracts and bid process. Construction audits are

becoming more common. Decker said in regards to Heinrich's concerns, the audit enhances contractors' reasons for wanting to work with Waukesha County. Decker appreciates Schubert's audit recommendations.

In response to Swan's question, Schubert said the audit recommendations could be extended to any kind of building contracts with base bids including road projects. Decker said the goal of the audit was not to add extra burdens for staff and contractors but to improve processes.

Cerreta and Schubert further explained audit, construction and contract terminology in response to Swan and Yerke's questions.

Decker complimented Schubert on the great work she did on the audit. He also complimented Bussler and Cerreta for their contributions to and cooperation with the audit process and hopes the results will enhance future projects. This audit is a great document if used properly especially in light of the upcoming courthouse renovation project.

Motion: Heinrich moved, Yerke second, to approve the HHS building construction-change order audit.

Yerke recommended applying the audit strategies to upcoming renovations to the recycling center in Milwaukee.

Motion carried 6-0.

Update on 2014 Wisconsin Counties Association (WCA) Annual Conference

Swan distributed buttons and bumper stickers which advertise voting for the upcoming constitutional amendment related to transportation funds. Swan described the sessions he attended at the conference on topics such as juveniles, shared ride taxis, 4H, budgeting, etc. and urged supervisors to attend the event. Swan attended the WCA business meeting and voted on behalf of Chair Paul Decker for Waukesha County.

Zimmermann said he was glad he attended and encouraged other supervisors to attend. The conference is an affirmation of the things Waukesha County does right. Zimmermann talked about the valuable and beneficial sessions he attended relating to such topics as human relations, board responsibilities, budgeting, etc.

Spaeth said she attended the business meeting with Swan and a session on the county's role in economic development but left early to staff the county's land use, parks and environment committee. Swan asked that county board committee meetings be scheduled around WCA conferences. Decker stressed that supervisors' primary responsibility is to county board functions.

Decker thanked supervisors for attending the event.

Ordinance 169-O-056: Authorize One-Time Adjustment to Library Tax Levy Distribution Formula for 2015 Budget Year Pursuant to County Code of Ordinances Section 11-8(c) to Address the Dissolution of the Sussex-Lisbon Library Agreement

Meyer said this proposed ordinance deals with changes to the mechanics of the library tax levy distribution in relationship to the dissolution of the joint library agreement between the Town of Lisbon and Village of Sussex. Fund distribution is based on many factors including state requirements, citizen and cross system usage, stability factors, etc. Changes in library status are rare and create complications that the funding

distribution formula was not designed to foresee. Ordinance 169-O-050, approved by the county board last month, amended the county code section 11-8(c) to identify how these situations would be handled. Meyer and Duckwitz reviewed the fiscal note.

In response to Swan's questions, Meyer explained that it is more expensive to be a library community than a true non-resident community. The county library tax is theoretically fair but it is not truly a dollar for dollar reimbursement since it does not include capital costs, so many municipal residents feel it is important to have a community library and are willing to pay for it. Decker said libraries in his municipalities are community centers and improve quality of life.

Heinrich said the ordinance was approved unanimously by the finance committee.

Swan asked what happens to the formula in 2016? Duckwitz said there will be a one-time adjustment to the formula this year and then the formula returns to "normal." Library tax levy is different and distinct from the general county levy.

Motion: Heinrich moved, Yerke second, to approve Ordinance 169-O-056. Motion carried 6-0.

Update on Management of Waukesha County's Revolving Loan Program

Shaver said last month the Waukesha County Economic Development Corporation (WCEDC) notified Waukesha County that it was no longer interested in servicing the program in 2015. Shaver explained how Waukesha County's revolving loan program works and where funding is found in the budget. Analysis of these types of programs was completed by Shaver and Director of Administration Norm Cummings for County Executive Vrakas and incorporated into the 2015 budget, which will be introduced tomorrow.

Yerke asked will the county run the program or will the county contract with another organization? Shaver said the county will work with another vendor. An agreement will be written with the loan processors to continue servicing the loans. Shaver said details will be released with the county executive's proposed 2015 budget tomorrow.

Review, Discuss and Consider 2015-2019 Capital Projects Plan with Emphasis on Technical Revisions, Amendments or Additions

Decker asked committee chairs to report on committee discussions of capital projects. Swan said the public works committee had a lengthy discussion about demolition of the HHS building (project 201503) and a motion to delay the project failed. Wolff said the judiciary committee unanimously approved the following projects: security electronics replacements in the jail (201410), Communications Center expansion (200808) and Law Enforcement Center mechanical upgrades (201413). The Courthouse project-step 1 (201418) was approved by a five to two vote with Supervisors Brandtjen and Cummings voting no. Heinrich said the finance committee voted four to three to demolish the former HHS building (Whittow, Highum and Nelson voted against). Supervisor Highum was the only finance committee member to vote against the project on CTH M, CTH YY to East County Line (201008) explaining that improvements were not needed. The committee unanimously voted for the project on CTH O, I-94 to USH 18 (201502). Spaeth said the land use committee reviewed capital projects 38 through 46. The only dissenting votes were by Supervisors Highum and Grant against the Waukesha-Brookfield multi-use trail (201407). Highum's dissent was related to overall project costs and Grant did not provide a reason for her vote.

Technical Revisions

Duckwitz distributed and reviewed project sheets for UWW boiler, chiller and controls replacement (200902), signals and safety improvements (200427) and energy efficiency improvements (201208) highlighting technical revisions.

Swan Proposed Amendment

Swan distributed and reviewed proposed project 201507: CTH SR–Extension, STH 190 to CTH K with design expected in 2019 and 2020, right-of-way acquisition in 2020, construction in 2021 and total estimated project costs of \$8,917,000. Swan said design work would determine what needs to be done. In response to Decker’s question, Swan said the county would pay for the entire project pulling funding from the CTH M, Calhoun Road-CTH YY (201202) project. Heinrich said the City of Brookfield has had this project planned for years but the county keeps pushing it back. Heinrich questions the need for this project and availability of funding. Swan said representatives from the county and City of Pewaukee are meeting this week to discuss this project. Bussler said there is no justification for this project and there are projects with higher needs. The Southeastern Regional Planning Commission (SEWRPC) calls for this project to be four lanes. Daily traffic counts on the road are too low to qualify for state funding and do not warrant the construction of a four-lane roadway. A new overpass would be needed to accommodate a four-lane roadway since the existing one only allows for two lanes. There are many unanswered questions because a roadway would be built where there is no road and through a wetland. Swan said the City of Pewaukee has been working on plans for this area including subdivisions and a fire station.

Evans said there are no compelling arguments for this project. According to SEWRPC 2035 project rankings of traffic and crash rates, North Avenue has an above average crash rating, delay and rear end issues, limited subdivision pass-thrus and some widened intersections. North Avenue has high traffic, safety and capacity numbers and a lot of land dedicated to the project. Removing \$500,000 from the project will delay it. Bussler and Evans recounted the county’s 2006-2007 efforts to build this roadway.

Motion: Swan moved to add project 201507: CTH SR-Extension, STH 190 to CTH K with a total budget of \$8,917,000 to the 2015-2019 capital project plan and to move \$437,000 from the budget of project 2012002 CTH M, Calhoun Road-CTH YY to project 201507. Motion failed due to lack of a second.

K. Cummings Proposed Amendment

Cummings distributed and reviewed a handout titled *2015-2019 Capital Plan Amendment Supervisor Kathleen Cummings* which specifies removing \$3.3 million from proposed capital project #13, Demolish Former HHS Building in order to halt demolition and to issue a request for proposal (RFP) to see what options are available to reuse the former HHS building on site. The county needs to demonstrate a good-faith effort to repurpose the building and moving it is impossible.

In response to Heinrich’s question, Bussler said the \$3.3M cost to demolish the old HHS building is an estimate and includes asbestos abatement and construction of a parking lot. Heinrich asked could the county provide a better estimate? Mader said K. Cummings amendment will give a “stay of execution” to the building. Heinrich said he wants facts and no guesses. Mader said this estimate is similar to all other project estimates in the plan. Decker said the county generally provides estimates that are higher than actual costs. Most projects come in under budget. Cummings said she is asking that the project be removed from 2015 and an RFP be reissued.

Motion: Yerke moved to remove funding of \$3.3 million for proposed capital project #13, Demolish Former HHS Building, for the specific purpose of issuing an open-ended request for proposal to reuse the former

HHS building known as the historic Grandview Resort on its original site. The motion failed due to lack of a second.

Yerke Proposed Amendment

Yerke distributed and reviewed a handout titled “*Project 201408-Park Beach Renovations.*” He explained that he would like verbiage added to the project to remind staff and future county boards that restroom improvements at Mukwonago Park are a priority. Improvements at this park have been pushed back until it is now the last park to receive the restroom renovations.

Motion: Yerke moved, Wolff second to add the following verbiage to the second paragraph of the project scope and description section of project sheet 201408 after the sentence that ends with...*or a combination of both.*

A previous capital project deferred the construction of two restrooms, making the relocation and/or renovation of the beach house a high priority to bring the park up to the sanitary expectations of the park users as in all the other County parks.

Shaver said the project sheet is “spot on.” What does the amendment mean? The project sheet can be amended but in the end, decisions are based on traffic volumes, site and feasibility studies and building needs. Shaver does not want anyone to think that adding wording to the project sheet will result in the work getting done quicker.

Heinrich asked is Shaver concerned the wording implies that the county will build two restrooms at this site? Shaver said the department analyzes statistics and studies to make decisions and execute plans such as the number of bathrooms in a park. Yerke said previous capital plans deferred construction of bathrooms at Mukwonago Park for six to seven years. All other parks have received the planned restroom facilities except for Mukwonago. The wording in Yerke’s amendment comes directly from other parks projects and will hopefully remind future county boards to finish bathroom renovations at Mukwonago Park before moving onto other bathroom projects in such places as camp grounds. Heinrich said there is no harm in the amendment but he does not like the reference to two bathrooms. Decker said the amendment is redundant. Swan said he wondered what Yerke hopes to achieve with the amendment. Shaver said the amendment is a harmless reminder and should remain a harmless reminder. Yerke said he is happy to have a harmless reminder added to the project sheet.

Motion carried 4-2 (Swan and Decker voted no).

Discuss and Consider Resolution 169-R-004: Adopt Five-Year Capital Projects Plan

Motion: Wolff moved, Yerke second, to approve Resolution 169-R-004 with technical revisions.

Motion carried 5-1 (Swan voted no).

County Board Committee Reports by Committee Chairs for the Following 2014 Meetings:

Public Works – September 11-Swan reported that the committee approved a bid for energy efficiency improvements and reviewed capital projects relative to public works.

Judiciary – September 12-Wolf said the committee approved Ordinance 169-O-057, reviewed capital projects relative to the committee and toured the sheriff’s department computer forensics and identification bureau.

Finance – September 3 and 17-Heinrich said at the September 3 meeting, the committee approved a WCFLS fund transfer and heard reports on the county's equalized property values, TIDs, claims, workers compensation and proprietary funds. At the September 17 meeting, the committee approved three ordinances and one fund transfer, reviewed three capital projects and plan revenues and had an update on grant/sunset positions.

HHS – September 11-Yerke said the committee approved Ordinance 169-O-058 and had presentations from public health, intake and support services, and children and family services divisions.

Land Use – September 16-Spaeth said the committee approved or reviewed land use related ordinances and capital projects.

Waukesha County Historical Society Board-Yerke said this committee next meets on September 22.

Motion: Swan moved, Yerke second, to adjourn the meeting at noon. Motion carried 6-0.

Respectfully submitted,

Peter Wolff
Committee Secretary